

Written Testimony from Lt. Governor Kim Reynolds (Iowa)
EPA Hearing on Renewable Fuel Standard (RFS) Proposal
June 25, 2015

Thank you for the opportunity to provide input on the EPA's recent Renewable Fuels Standard (RFS) volume obligation levels proposal. As Lieutenant Governor of Iowa, I strongly believe in **the importance of a robust RFS to a healthy Iowa and Midwestern economy**. That belief is based upon the proven policy benefits of having a strong RFS, including:

- Diversifying our nation's energy portfolio;
- Reducing our reliance on overseas oil;
- Giving consumers lower cost and higher octane choices at the fuel pump;
- Raising family incomes; and
- Driving growth in rural America.

The RFS is an important factor for a vibrant and revitalized rural economy. In 2014, almost 84,000 American jobs were directly attributed to the renewable fuels industry and over 295,000 jobs can be indirectly attributed to the renewable fuels industry.¹

These jobs provide hard-working individuals with career opportunities to support their families and rural communities. According to Renewable Fuels Association, the ethanol industry added \$53 billion to America's GDP in 2014.² These are important jobs that cannot be lost and livelihoods which would be difficult to replace in rural America.

Americans deserve to have the higher paying jobs and rewarding careers that exist in the biofuels industry. Policy makers should be seeking opportunities to grow the production and use of ethanol, biodiesel and cellulosic fuels rather than going backwards.

Since being sworn into office, I have partnered with the Governor to focus on revitalizing our economy, creating good jobs and growing family incomes. At that time, Iowa's unemployment rate was 6.1 percent. Now, I am proud to say that Iowa's unemployment is currently at 3.8 percent, the fifth lowest in the country.³ But, I am confident our state would be doing even better if the EPA had not driven uncertainty into the biofuels industry and the agricultural sector more broadly.

The oil industry has a long history of throwing up barriers to competition in the transportation fuels market. Their actions have resulted in consumers being unfairly hurt. In addition, Big Oil has a long history of sharing half-truths about biofuels. For example, they often claim a food price impact exists, even though it has been disproven.

¹ Renewable Fuels Association, <http://www.ethanolrfa.org/pages/ethanol-facts-economy>

² Renewable Fuels Association, <http://www.ethanolrfa.org/pages/ethanol-facts-economy>

³ Iowa Workforce Development, <http://www.iowaworkforce.org/news/XcNewsPlus.asp?articleid=81&cmd=view>

They also ignore the fact that dried distillers grains – an important ethanol byproduct – provide an important protein input for Midwest livestock production, particularly for the cattle industry. In fact, a modern dry-mill ethanol refinery produces 17.5 pounds of highly valuable DDGs from one bushel of corn.⁴ Let's hope that the EPA does not take Big Oil's bait. Instead, I encourage the agency to renew its commitment to significantly growing the RFS.

In rural America, supporting the RFS is not a partisan issue. Supporting a strong RFS is good for farmers who add value to their agricultural products. A robust RFS is good for workers in the biofuels industry, including those that have rewarding careers at Iowa's 42 ethanol plants, 13 biodiesel plants, and agricultural equipment manufacturing facilities and dealers.

As stated earlier, a robust RFS helps diversify our energy portfolio and reduces transportation emissions. A strong RFS helps give consumers more choices at the fuel pump. Quite simply, a robust RFS is good for a healthy economy in rural America and consumers nationwide.

For all those reasons, I have actively participated in several events to highlight the importance of the RFS to a healthy economy in America. In fact, the strong bipartisan support across Iowa is a clear signal of the critical nature for growing the RFS volume obligation levels.

In Iowa, we work hard to recruit companies to locate or expand in our state. We have seen over \$11 billion dollars in private investment.⁵ Many of these projects are directly tied to our leadership in renewable fuels and agriculture, such as CJ Bio America, which is co-located at the Cargill facility in Ft. Dodge, and the Valent Bio Science Facility in Osage.

Iowa is currently working on submitting a competitive proposal for the USDA Biofuel Infrastructure Grant to increase our renewable fuels infrastructure to supplement state dollars already going into such efforts. Iowans want to have a choice at the pump and we plan to continue to make investments to make that possible.

In closing, I appreciate that the EPA did make some changes from the original proposal in 2013. For example, I understand that you made some improvements to the biodiesel volume levels. However, the rest of the proposal seems to fall far short of the changes needed to advance the production and use of biofuels in a meaningful way.

Iowans know the importance of a strong Renewable Fuels Standard and we hope the multitude of testimonies today convince you of its importance as well.

Thank you again for the chance to share this testimony with you today.

⁴ United Wisconsin Grain Producers, <http://www.uwgp.com/pages/custom.php?id=36954>

⁵ Iowa Economic Development Authority, http://www.iowaeconomicdevelopment.com/userdocs/documents/ieda/Biorenewables_FS_022015.pdf